Attachment A

City Council Ordinance No. 2026-10
Approving Newport Place PC Amendment

ORDINANCE NO. 2026- __

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF NEWPORT BEACH, CALIFORNIA, APPROVING AN AMENDMENT TO THE NEWPORT PLACE PLANNED COMMUNITY DEVELOPMENT PLAN (PC-11) TO REVISE THE MINIMUM INCLUSIONARY FOR-SALE HOUSING PERCENTAGE REQUIRED WITHIN THE RESIDENTAL OVERLAY (PA2025-0196)

WHEREAS, Section 200 of the City Charter, of the City of Newport Beach ("City") vests the City Council with the authority to make and enforce all laws, rules, and regulations with respects to municipal affairs subject only to the restrictions and limitations contained in the Charter and the State Constitution, and the power to exercise, or act pursuant to any and all rights, powers and privileges, or procedures granted or prescribed by any law of the State of California;

WHEREAS, Newport Place is a Planned Community ("PC-11") in the Airport Area, generally bounded by MacArthur Boulevard, Jamboree Road, Birch Street and Bristol Street North, and originally designed in the early 1970s with clusters of office parks and industrial uses;

WHEREAS, the introduction of the Mixed Use – Horizontal 2 (MU-H2) General Plan Land Use classification in the Airport Area as a part of the 2006 General Plan Land Use Element created an opportunity for residential uses;

WHEREAS, on July 24, 2012, the City Council adopted Ordinance No. 2012-14, amending PC-11 to create the Residential Overlay ("Overlay") which was necessary to secure certification of the 4th Cycle Housing Element as it had a greater potential to accommodate the City's Regional Housing Needs Assessment ("RHNA");

WHEREAS, the amendment to PC-11 implemented use and development standards for multi-unit residential projects including a requirement that 30% of the units in a residential development be affordable to lower-income households for a minimum of 30 years;

WHEREAS, on September 13, 2022, the City adopted Resolution No. 2022-60, approving the 6th Cycle Housing Element for the 2021-2029 period, which was subsequently certified by the State Department of Housing and Community Development on October 5, 2022;

WHEREAS, the Airport Area Environs ("Airport Area") is one of the five focus areas where new housing opportunity sites are identified to satisfy the City's RHNA allocation of 4,845 new housing units;

WHEREAS, at least 2,577 housing units are planned for the Airport Area, which comprises approximately 25% of the City's planned housing capacity;

WHEREAS, on July 25, 2023, the City adopted Ordinance No. 2023-13, reducing the minimum inclusionary housing requirement of the Overlay from 30% to 15% for both for-sale and rental housing developments;

WHEREAS, on April 9, 2024, the City Council approved the necessary land use entitlements for the development of a 67-unit condominium project, the Residences at 1401 Quail Street, by Intracorp Homes (PA2023-0040);

WHEREAS, the Intracorp Homes project is located within the Overlay and includes the 15% inclusionary requirement;

WHEREAS, Intracorp Homes has since requested that the City consider lowering the required inclusionary percentage for for-sale housing, as the approved project is no longer financially feasible;

WHEREAS, on September 24, 2024, the City adopted Resolution No. 2024-73, amending portions of Sections 3 and 4 of the 6th Cycle Housing Element;

WHEREAS, on November 4, 2025, the City adopted Resolution No. 2025-77, initiating an amendment to PC-11 to lower the minimum percentage of inclusionary for-sale housing within the Overlay ("Amendment"), in accordance with Section 20.56.050(E) (Development Plan Amendments) and Section 20.56.050(B) (Development Plan) of the Newport Beach Municipal Code ("NBMC");

WHEREAS, a public hearing was held by the Planning Commission on March 19, 2026, in the City Council Chambers located at 100 Civic Center Drive, Newport Beach. A notice of time, place and purpose of the public hearing was given in accordance with Government Code Section 54950 *et seq.* ("Ralph M. Brown Act") and Chapter 20.62 (Public Hearings) of the NBMC. Evidence, both written and oral, was presented to, and considered by, the Planning Commission at this public hearing;

WHEREAS, at the hearing, the Planning Commission adopted Resolution No. PC 2026-009 (4 ayes, 1 recusal, and 2 absent), recommending the City Council approve the Amendment to reduce the minimum inclusionary for-sale housing percentage within the Overlay from 15% to 6% for lower-income households (i.e., very-low and low) and 8% for moderate-income households;

WHEREAS, California Public Utilities Code ("CPUC") Section 21676(b) requires the City to refer the Amendment to the Orange County Airport Land Use Commission ("ALUC") to review for consistency with the 2008 John Wayne Airport Environs Land Use Plan ("AELUP");

WHEREAS, on April 16, 2026, the ALUC conducted a public hearing and determined (5 ayes, 1 vacancy, 1 absent) that the Amendment is inconsistent with the AELUP;

WHEREAS, pursuant to Sections 21670 and 21676 of the CPUC, the City Council may, after a public hearing, propose to overrule the ALUC with a two-thirds vote, if the City Council makes specific findings that the Amendment is consistent with the purpose of Section 21670 of the CPUC to protect the public health, safety, and welfare by ensuring the orderly expansion of airports and the adoption of land use measures that minimize the public's exposure to excessive noise and safety hazards within areas around public airports to the extent that these areas are not already devoted to incompatible uses;

WHEREAS, the City Council held a duly noticed public hearing on May 12, 2026, in the City Council Chambers, located at 100 Civic Center Drive, Newport Beach, California. A notice of time, place, and purpose of the hearing was given in accordance with CPUC Section 21676(b) and the Ralph M. Brown Act. Evidence, both written and oral, was presented to, and considered by, the City Council at this hearing;

WHEREAS, at the conclusion of this hearing, the City Council adopted Resolution No. 2026-27 by unanimous vote (5 ayes, 2 recusals) to notify the ALUC and State Department of Transportation Aeronautics Program ("Aeronautics Program") of the City's intent to override ALUC's inconsistency finding;

WHEREAS, notice of the City's intent to override the ALUC inconsistency determination, along with Resolution No. 2026-27, was sent via certified mail and emailed to ALUC and Aeronautics Program on May 13, 2026; and

WHEREAS, the City Council held a duly noticed public hearing on July 14, 2026, in the City Council Chambers, located at 100 Civic Center Drive, Newport Beach, California. A notice of time, place, and purpose of the hearing was given in accordance with CPUC Section 21676(b) and the Ralph M. Brown Act. Evidence, both written and oral, was presented to, and considered by, the City Council at this hearing.

NOW, THEREFORE, the City Council of the City of Newport Beach resolves as follows:

Section 1: The City Council hereby approves the Amendment, as set forth in Exhibit "A," which is attached hereto and incorporated herein by reference, with all other provisions of the Newport Place Planned Community (PC-11) and supporting maps remaining unchanged and in full force and effect.

Section 2: An Amendment to the Newport Place Planned Community Development Plan is a legislative act. Neither PC-11, Chapter 20.56 (Planned Community District Procedures), Chapter 20.66 (Amendments) of Title 20 (Planning and Zoning) of the NBMC, nor Sections 65850 *et seq*. of the California Government Code set forth required findings for either approval or denial of the Amendment. Notwithstanding the foregoing, The Amendment is consistent with the following City of Newport Beach 6th Cycle Housing Element Housing Policy, Policy Action, and Housing Goal:

Housing Policy 4.1: Mitigate potential governmental constraints to housing production and affordability by increasing the City's role in facilitating construction of market-rate housing and affordable housing for all income groups.

Policy Action 4A: Affirmatively Furthering Fair Housing, provided in the 6th Cycle Housing Element.

Housing Goal #4: Housing opportunities for as many renter- and owner-occupied households as possible in response to the market demand and RHNA obligations for housing in the City.

The Amendment furthers the implementation of the 6th Cycle Housing Element by mitigating potential governmental constraints through the reduction of affordable housing percentage from 15% to 6% to facilitate construction of for-sale housing developments within the Overlay. According to the January 22, 2026 Airport Area Ownership Housing Development Addendum to the March 19, 2025 Inclusionary Housing: Financial Evaluation, prepared by Keyser Marston Associates for the City, inclusionary housing percentages for for-sale housing greater than 6% would likely render most for-sale residential projects financially infeasible to develop. Lowering the inclusionary housing

percentage reduces the potential impediment and also affirmatively furthers fair housing, consistent with Housing Policy 4.1.

Section 3: The recitals provided in this ordinance are true and correct and are incorporated into the operative part of this ordinance.

Section 4: If any section, subsection, sentence, clause or phrase of this ordinance is for any reason held to be invalid or unconstitutional, such decision shall not affect the validity or constitutionality of the remaining portions of this ordinance. The City Council hereby declares that it would have passed this ordinance and each section, subsection, sentence, clause or phrase hereof, irrespective of the fact that any one or more sections, subsections, sentences, clauses or phrases be declared invalid or unconstitutional.

Section 5: The City Council finds the Amendment is not subject to the California Environmental Quality Act ("CEQA") pursuant to Sections 15060(c)(2) (the activity will not result in a direct or reasonably foreseeable indirect physical change in the environment) and 15060(c)(3) (the activity is not a project as defined in Section 15378) of the CEQA Guidelines California Code of Regulations, Title 14, Division 6, Chapter 3, because it has no potential for resulting in physical change to the environment, directly or indirectly.

Section 6: The Mayor shall sign and the City Clerk shall attest to the passage of this ordinance. The City Clerk shall cause the ordinance, or a summary thereof, to be published pursuant to City Charter Section 414. This ordinance shall be effective thirty (30) calendar days after its adoption.

This ordinance was introduced at a regular meeting of the City Council of the City of Newport Beach held on the 14th day of July 2026, and adopted on the 28th day of July 2026, by the following vote, to-wit:

AYES: _____

NAYS: _____

ABSENT: _____

_____
Lauren Kleiman, Mayor

ATTEST:

_____
Lena Shumway, City Clerk

APPROVED AS TO FORM:
CITY ATTORNEY'S OFFICE

_____
Aaron C. Harp, City Attorney

Attachment(s): Exhibit "A" – Amendment to the Newport Place Planned Community Development Plan (PC-11)

Exhibit "A"

Amendment to the Newport Place Planned Community Development Plan (PC-11)

Part III. Residential Overlay, Section IV.A.3 shall be amended to read as follows:

"3. The following options are available for affordable housing projects:

a. A minimum of 15 percent of the for-rent units within the residential development shall be affordable to lower-income households and subject to a 30-year affordability covenant;

b. A minimum of 6 percent of the for-sale units within the residential development shall be affordable to lower-income households and subject to a 30-year affordability covenant; or

c. A minimum of 8 percent of the for-sale units within the residential development shall be affordable to moderate-income households and shall be subject to a 30-year affordability covenant."